

What do we know about the failed audits? What do we see? What we do know is that it has a fairly elaborate process; that it has this \$40 billion, and if a local school district would like to get some of that to reduce class size by hiring teachers, to maybe purchase technology, to get integrated into the Internet, it is about a 192-step discretionary grant process. The application and approval process is a very long and expensive process.

Now, with that kind of process, one would think it is foolproof. We would think out of those 192 steps, and by the way, this process used to be a whole lot longer but it was reinvented by the Vice President to only 192 steps, yet it still takes 20 weeks to get it done; but one would think, well, it is a good thing it has gone through that process because at least we will get it right. What are some of the examples and the reason we now know that that is not what is happening? "Congratulations, you are not a winner."

That is our Department of Education. The Jacob Javits scholarship. This is an opportunity where young people who are graduating from college have the opportunity to compete for and receive up to 4 years of graduate education from the Department, paid for by the American taxpayers. Linh Hua, a graduate student at the University of California, received a letter in February informing her that she had been selected to receive a Jacob Javits graduate fellowship. She was excited. If I were her parents or friend, I would be excited, because it means she is going to get \$100,000 of education graduate school paid for.

She immediately informed the director of graduate studies at her institution. He in turn trumpeted the good news to the entire English department in a news announcement. It is exactly what anyone else would do if someone in their own class, in their own department were being recognized by the Department of Education for their academic achievement and they are being rewarded.

A few days later Linh received a message on her answering machine that she had received the letter in error. A mistake. The contractor working for the Department had erroneously sent award notification letters to 39 students informing them that they had won the awards. Thirty-nine students. Ms. Hua was crushed by the news. She describes her feelings in a letter to the chairman of the House Committee on Education and the Workforce: "I think my heart snapped in half. News of the possible withdrawal was devastating to me, and I have not found words to break the news to my family and friends. How does one share such news and still hold her head up high? I continue to be visibly distracted from my work, family and friends, and will be in great emotional turmoil until I can trust that my fellowship will not be withdrawn. Surely you will agree that it is wrong for the United States Gov-

ernment to condone such treatment of its citizens."

Members of the committee agreed. At their urging, and due to a provision lawmakers had the foresight to include, I guess we knew when the Vice President reinvented the Department of Education that these types of mistakes might happen, that due to a provision lawmakers had inserted into the Higher Education Act anticipating such a mistake, the education department eventually agreed to award fellowships to these 39 students. The cost for this mistake was \$4 million.

Reading, writing and robbery; a theft ring involving collaboration between outside contractors and education department employees operated for at least 3 years, stealing more than \$300,000 worth of electronic equipment, including computers, cell phones, VCRs, and a 61-inch television set. It also netted from the agency, from the Department of Education, more than \$600,000 in false overtime pay.

Very simple scheme. The Department of Education employee in charge of purchasing filed all these purchasing agreements or purchasing contracts. There were no controls monitoring what this person did. This is why auditing companies say we are not sure that what they were actually doing, or reflecting on the books, actually reflected what they were doing.

This individual ordered the materials and, rather than having it delivered to the Department of Education, they were delivered to these people's homes. What was in it for the phone guy? The phone guy was the one that was able to bill the Department for over \$600,000 of false overtime pay. Who paid? The American taxpayer. Who lost? American students who were the ones intended to receive these benefits.

The education department improperly discharged almost \$77 million in student loans for borrowers who falsely claimed to be either permanently disabled or deceased. This did not come from our committee; this came from the inspector general's report. From July 1, 1994 through December 31, 1996, fully 23 percent of all individuals whose loans were discharged due to disability claims were actually holding jobs, some earning more than \$50,000 a year. A total of \$73 million in loans was improperly forgiven.

During the same period, the good news is that 708 borrowers receiving death discharges actually were earning wages. They were still alive. But their loans had been written off for a total of \$3.8 million, a total of \$77 million.

September: failing Proofreading 101. In September 1999 the education department printed 3.5 million financial aid forms containing incorrect line references to the IRS tax form. The forms were incorrect, had to be destroyed, and 100,000 of them that had been distributed to schools had to be recalled. The cost of the error was \$720,000.

The list goes on and on about this mismanagement within the Depart-

ment of Education. The disappointing thing is the Department of Education still has not been, as the Vice President would have described it, reinvented to a standard that hundreds of thousands of companies around America have to meet each and every day. They have clean books, a clean set of standards. Imagine the IRS going into a company and contesting their tax bill and saying, wow, we think you owe us some money, and the owner of the company coming out and saying, well, we reinvented our company last year so our books are not quite clean; but we think that our books roughly approximate what actually happened within our company. So based on those rough estimates and our books, we think that the tax that we paid you roughly reflects what we actually think we owe you.

I do not think the IRS would show the same kind of sympathy that we have shown to the Department of Education.

It is time for this Department to clean up its act and become reinvented. Actually, it does not even need to be reinvented. What we would like it to do is just to actually meet the standards that are out there in the private sector each and every day.

I see my colleague from Colorado has joined me. I do not know if he wants to add on to some of these examples or talk about others. My colleague from Colorado and I have taken a look at the Department of Education and found the bad news, the bad news on the education front in Washington, that we have a Department that has responsibility for \$100 to \$120 billion and cannot get a clean set of books and is ripe with waste, fraud, and abuse; but the good news is what my colleague and I have seen as we have gone to 21 States and seen the great things that are happening in education in America today when we empower parents, teachers, and administrators at the local level to focus on educating their kids.

We have seen tremendous things in the Bronx, in Cleveland, Milwaukee, Little Rock, Arkansas, L.A., Muskegon, Michigan. We have seen some great things in education as we have gone around the country. That is the exciting thing. And it is a sharp contrast to what we see here in Washington.

Mr. Speaker, I yield now to my colleague, the gentleman from Colorado (Mr. SCHAFER).

Mr. SCHAFER. I thank my colleague for yielding, and I also appreciate the examples that he laid out. They are very sad and they are very unfortunate that the Department of Education wastes and squanders and abuses the taxpayers' money to the extent that it does. But that is really no surprise though, Mr. Speaker. This is Washington, D.C., after all; and the Federal Government wastes, squanders, and loses money in virtually every department that the Federal Government